Data-Driven Solutions for Insurance Marketing

Proven Strategies for Better Customer Acquisition, Growth & Retention

Part 1: Customer Acquisition

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Executive Summary

In the current economy, insurance marketers have the opportunity for strong growth. However, the industry faces challenges from new and existing competitors, high lapse rates, and high marketing costs.

The strategic use of data, market research, predictive analytics and omnichannel marketing can dramatically improve results for insurance carriers and agencies.

This 3-part report briefly outlines 12 proven strategies for improving customer acquisition, growth and retention. The central theme throughout all of these strategies is the use of data to reduce the cost of leads, increase the number of policies sold, and increase the growth and retention of policyholders.

Finally, this report includes an Opportunity Assessment Guide at the end. This tool will help you spot areas for improvement based on your unique situation and the strategies discussed in the report.

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12 Data-Driven Strategies

Part 1: Customer Acquisition

1 – Use Purchase Propensity Data

2 – Use Life Event "Trigger Data"

3 – Precisely Target Millennials

4 – Execute Omnichannel Campaigns

5 – Prioritize Prospects in Real-Time

Part 2: Customer Growth

1 – Use Cross-Sell Propensity Data

2 – Use Life Event "Trigger Data"

3 – Execute Continuous Campaigns

4 – Use a True Customer Database

Part 3: Customer Retention

1 – Use Primary Market Research

2 – Use Lapse Propensity Data

3 – Use LTV Data & Analytics

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Part 1: Customer Acquisition

Customer Acquisition

The foundation of successful customer acquisition is prospect data that targets consumers who are *in the market* to buy a *specific* insurance product.

Too often, insurance marketers rely on simple targeting criteria such as age, income and gender. The use of this commodity prospect data results in a higher effective cost per lead, fewer policies sold, and higher lapse rates.

1 – Use Purchase Propensity Data

Insurance purchase propensity data accurately identifies consumers who are most likely to buy a policy in the next several months. This allows marketers to eliminate 90% of the population who are not in the market. This increases response rates, lowers the cost per lead, and improves conversion.

While likelihood to purchase insurance is driven by many different factors that are unique to each individual consumer, certain life events can have a pronounced impact on purchase.

This life event data, often called "insurance purchase triggers," improves your response rates in two ways: targeting and personalization. You know who to target and what to say to them about their insurance needs.

The U.S. life insurance coverage gap averages about $200,000 per family, totaling $12 trillion. [1]

Customer Acquisition

Insurance marketers should combine overall purchase propensity data with specific purchase trigger data. Some of the most important insurance purchase triggers include the following:

- ✓ Getting Married
- ✓ Having a Baby
- ✓ Changing Jobs
- ✓ Retiring
- ✓ Moving
- ✓ Getting Divorced
- ✓ Buying a House
- ✓ Buying a Car

2 – Use Life Event Trigger Data

Insurance purchase trigger data identifies consumers who are highly-likely to need a new policy. This data also enables marketers to customize and personalize their messages to drive greater response and conversion.

Consumers experiencing life change often feel as if they have temporary "permission to buy" insurance and other products and services.

As Baby Boomers age and the overall distribution of the US population shifts, millennials have become the growth market for virtually every industry, and insurance is no different.

Born between 1980 and 2000, millennials are now the largest population segment with 80 million people. As they grow, mature, have families, and build wealth and income, they need insurance.

According to LIMRA, 85% of millennials think they should own life insurance, 50% say they have not been approached to buy insurance, and 70% say they want to talk to someone about life insurance.

Customer Acquisition

To accurately target millennials, insurance marketers must combine at least three types of prospecting data.

3 – Precisely Target Millennials

Insurance marketers can precisely target millennials using a combination of purchase propensity data, exact age, and life event trigger data. Done correctly, and when executed with the right marketing channels, insurance marketers can successfully drive growth from the millennial segment.

As with virtually every other product and service today, the path to purchase for insurance has become much more complex. Consumers hop from channel to channel using multiple devices and locations before making a purchase decision.

Only 34% of millennials own individual life insurance and 39% said they would buy life insurance within the next 12 months. [2]

Customer Acquisition

In insurance marketing, power is shifting to the consumer. Companies must meet consumer's needs whenever and wherever they choose to interact – which is increasingly across online and digital channels. In fact, 61% of consumers 18 to 54 find purchasing insurance online attractive[4].

To succeed, insurance marketers must test and optimize their omnichannel marketing campaigns to match the path to purchase preferences of their target populations.

4 – Execute Omnichannel Campaigns

Insurance marketers must target their prospects using a combination of marketing channels. While direct mail and other powerful direct marketing channels remain, they must be augmented with custom audiences in Facebook, Instagram, Google search and online display advertising.

In order to execute this strategy, insurance marketers must use the same prospect data across the following marketing platforms:

- ✓ Direct mail house
- ✓ DMP / DSP
- ✓ Social media platform
- ✓ Telemarketing agency
- ✓ Addressable TV agency

61% of consumers 18 to 54 find the idea of purchasing insurance online attractive. [4]

Customer Acquisition

In the age of omnichannel marketing, a wide variety of leads are generated from an even wider variety of online and digital sources. And while the sheer volume of insurance leads can grow exponentially, an unintended problem often results: uneven lead quality.

Since all leads are not of equal quality, they must be instantly ranked and routed for conversion. This ensures that only the best prospects get attention.

"On average, only 1 in 5 leads from online and digital sources are highly like to convert." 5

5 – Prioritize Prospects in Real-Time

Insurance marketers must instantly evaluate incoming leads and invest the proper resources to convert them. This is done in real-time using a combination of APIs that identify the prospect, enhance them with data, score them using a predictive model, and route them to the best agent or online app for conversion.

Data-Driven Case Study – Snapshot

Insurance marketer reverses revenue declines with a 2x increase in likely policy buyers.

Problem

The company was experiencing revenue declines due to fewer leads, lower conversion rates, and slightly higher lapse rates.

Solution

The customer acquisition strategy was completely redesigned to use purchase propensity data and customized communications based on segments.

Result

The insurance marketer doubled its response rate using the purchase propensity prospects and personalized communications.

Insurance Prospects – *In the Market Now*

There are currently 21,851,232 individuals in the U.S. who are in the market to buy an insurance product online.

Term Life
There are **11,329,799** prospects

Annuities
There are **12,044,934** prospects

Whole Life
There are **10,736,692** prospects

Final Expense
There are **10,769,021** prospects

Online Buyer
There are **21,851,232** prospects

Auto – Online
There are **18,731,298** prospects

Long Term Care
There are **1,043,036** prospects

Likely to Lapse
There are **19,590,970**

About This Prospect & Consumer Data

All purchase propensity data is updated continuously. These individuals will purchase 95% of all policies.

Opportunity Assessment Guide

OFFER – Guided Assessment

For qualified marketers, we offer a complimentary "**Guided Opportunity Assessment**." This may include one or more of the following: ROI evaluation, customer profile, data quality audit, and marketing test design.

► Contact us today for more information.

Opportunity Assessment Guide

Part 1: Customer Acquisition

1. Use Purchase Propensity Data

Insurance purchase propensity data accurately identifies consumers who are most likely to buy a policy in the next several months. This allows marketers to eliminate 90% of the population who are not in the market. This increases response rates, lowers the cost per lead, and improves conversion.

A. Have your response rates declined and/or your costs per lead risen? Have you estimated the financial benefits of cutting lead costs in half?

B. Are you using commodity prospect data that relies on basic selection criteria such as age and income? Or, have you tested purchase propensity data? Do you know how many consumers in your target areas are likely to buy term life? Whole life? Annuities? Final expense? P&C insurance? Medicare Advantage? Long Term Care?

C. Have you tested lookalike models, response models or conversion models to prioritize your prospect data?

D. Have you tested the *combination* of insurance purchase propensity data and insurance lapse data?

E. Have you considered the use of consumer data to prioritize which prospects are most likely to respond to digital/social marketing vs. those who are best suited for direct mail and telemarketing?

F. Have you tested different combinations of messages, media and timing (or cadence) of your campaigns?

Opportunity Assessment Guide

Part 1: Customer Acquisition

2. Use Life Event "Trigger" Data

Insurance purchase trigger data identifies consumers who are highly-likely to need a new policy. This data also enables marketers to customize and personalize their messages to drive greater response and conversion.

A. Are you satisfied with your lead conversion rates (the number of policies sold vs. leads generated)? Have you calculated the financial impact of doubling your lead conversion rate?

B. Have you evaluated the link between life event data and insurance purchase likelihood across your target segments?

C. Have you tested the use of life event data in your prospecting? Which of these life event triggers have you tested?

- ✓ Getting Married
- ✓ Getting Divorced
- ✓ Retiring
- ✓ Having a Baby
- ✓ Buying a House
- ✓ Moving
- ✓ Changing Jobs
- ✓ Buying a Car

D. Have you tested the combination of purchase propensity data and life event data in your prospecting?

E. Have you considered the use of different communications and offers based on the specific life event of the prospect?

F. Have you considered sending different communications to different members of the household based on the specific life event of the prospect?

Opportunity Assessment Guide

Part 1: Customer Acquisition

3. Precisely Target Millennials

Insurance marketers can precisely target millennials using a combination of purchase propensity data, exact age, and life event trigger data. Done correctly, and when executed with the right marketing channels, insurance marketers can successfully drive growth from the millennial segment.

A. Are you satisfied with your penetration of the millennial market? Have you calculated the financial impact of increasing your penetration by 10-15% through data-driven marketing?

B. Do you know how many millennials in your target areas are in the market to buy specific insurance products?

C. Have you tested the combination of purchase propensity data, life event data, and exact age to target the best millennials?

D. Have you customized your communications and channels to resonate with millennials?

E. Have you fully invested in marketing research to understand the unique needs and wants of the millennial market?

F. Have you tested the combination of millennial prospect data and digital/social marketing campaigns?

Opportunity Assessment Guide

Part 1: Customer Acquisition

4. Execute Omnichannel Campaigns

Insurance marketers must target their prospects using a combination of marketing channels. While direct mail and telemarketing are highly effective channels, they should be combined with custom audiences in Facebook, Instagram, Google search and online display.

In order to execute this strategy, insurance marketers must use the same prospect data across the following marketing platforms:

- ✓ Direct mail house
- ✓ DMP / DSP
- ✓ Social media platform
- ✓ Telemarketing agency
- ✓ Addressable TV agency

A. Are you satisfied with your overall lead generation response rates and conversion rates?

B. Are you exclusively using direct mail and/or telemarketing for leads?

C. Have you tested the combination of direct mail, telemarketing and Facebook advertising?

D. Are you taking full advantage of retargeting your website visitors?

E. Are you making sure that your prospect data is leveraged across all of your marketing platforms and agency silos?

Opportunity Assessment Guide

Part 1: Customer Acquisition

5. Prioritize Prospects in Real-Time

Insurance marketers must instantly evaluate incoming leads and invest the proper resources to convert them. This is done in real-time using a combination of APIs that identify the prospect, enhance them with data, score them using a predictive model, and route them to the best agent or online app for conversion.

A. Are you satisfied with your inbound/online lead conversion rates? Have you calculated the financial impact of focusing on the best leads?

B. Are you treating all inbound leads the same? Are your prioritizing which leads get more attention and who/how/when they are handled?

C. Are you able to identify the exact person behind the lead? Can you instantly evaluate their likelihood to purchase insurance?

D. Do you have a variety of methods and resources to engage with inbound leads based on their potential value?

E. Have you tested automatic "drip campaigns" to stay in touch with inbound leads who have not engaged or purchased a policy?

F. Have you tested the use of segmented retargeting to stay in touch with inbound leads based on their unique profile?

G. Have you considered using market research to understand why certain inbound leads are not making an insurance purchase?

Sources

1. LIMRA, 2016, "Nearly 5 Million US Households Have Life Insurance Coverage."
2. LIMRA, 2015 "Barometer Study"
3. LIMRA Website
4. PwC, Viewpoint, Financial Services, (PricewaterhouseCoopers)
5. Data Decisions Group, meta data from cross-industry lead-to-conversion analytics.
6. E&Y, Global Customer Insurance Survey. (Ernst & Young).
7. Center for Disease Control and Prevention.
8. MyBuy, 7th Annual Consumer Personalization Survey.
9. McKinsey, "Our Insights"
10. A.M. Best Special Report, "Anemic Yields Put Spotlight on Retention"

About Us

Data Decisions Group is a leading provider of data, research and marketing services to the life, P&C and health insurance industries.

For over three decades, we have pioneered many of the industry's most effective data-driven strategies and methods for insurance customer acquisition, growth and retention.

We are members of the Data & Marketing Association (DMA) and the Insights Association. We are an SOC2 Type 2 company with offices in Dallas, Chapel Hill, and Atlanta.

www.datadecisionsgroup.com/insurance-marketing

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OFFER

Direct Mail + Facebook Strategy

For qualified marketers, we offer a complimentary strategy for combining insurance purchase propensity data with Direct Mail and Facebook.

This may include one or more of the following: available counts for direct mail, Facebook custom audience counts, customer profiles, and marketing test designs.

► Contact us today for more information.

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